GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:187
ANSWERED ON:11.12.2015
Black Money
Reddy Shri Midhun;Yadav Shri Laxmi Narayan

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has made an assessment of black money stashed abroad and its circulation within the country, if so, the details thereof and if not, the reasons therefor along with the reaction of the Government thereto;
(b) whether the Government has reviewed the existing machinery in tracing/recovering black money, particularly stashed abroad during the last three years and the current year and if so, the details thereof;
(c) the quantum of black money recovered so far; and
(d) the corrective steps taken by the Government in this regard?

Answer

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.*187, RAISED BY SHRI P.V. MIDHUN REDDY AND SHRI LAXMI NARAYAN YADAV, HON'BLE MEMBERS OF PARLIAMENT, FOR REPLY ON 11th DECEMBER, 2015
There is no official estimation regarding the amount of black money within the country and stashed abroad. However, the Government had commissioned a study, inter alia, on estimation of unaccounted income and wealth inside and outside the country, through National Institute of Public Finance and Policy (NIPFP), National Council of Applied Economic Research (NCAER) and National Institute of Financial Management (NIFM). Reports received from these Institutes are under examination of the Government.
Periodic review of the Government's machinery, handling investigations and other follow-up actions in the cases involving black money, is an on-going process. In recent times, the Government has taken several steps, both by way of policy-level initiatives as well as through more effective enforcement action on the ground, to tackle the issue of black money, particularly black money stashed away abroad, more effectively. These steps include putting in place robust legislative and administrative frameworks, systems and processes with due focus on capacity building and integration of information and its mining through increasing use of information technology. Major initiatives taken by the Government in this regard include − (i) Constitution of the Special Investigation Team (SIT) on Black Money under Chairmanship and Vice-Chairmanship of two former Judges of Hon'ble Supreme Court, (ii) Enactment of a comprehensive new law titled 'The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015' to specifically and more effectively deal with the issue of black money stashed away abroad which has come into force w.e.f. 01.07.2015, (iii) Introduction of the Benami Transactions (Prohibition) Amendment Bill, 2015 to amend the Benami Transactions (Prohibition) Act, 1988 with a view to, inter alia, enable confiscation of Benami property and provide for prosecution, (iv) Proactively engaging with foreign governments for enhanced exchange of information under Double Taxation Avoidance Agreements (DTAAs)/Tax Information Exchange Agreements (TIEAs)/Multilateral Conventions, (v) According high priority to the cases involving black money stashed away abroad for investigation and other follow-up actions, (vi) While focusing upon non-intrusive measures, due emphasis on enforcement measures in high impact cases with a view to prosecute the offenders at the earliest possible for credible deterrence against tax evasion/black money, (vii) Proactively furthering global efforts to combat tax evasion/black money, inter alia, by joining the Multilateral Competent Authority Agreement in respect of Automatic Exchange of Information and having information sharing arrangement with USA under its Foreign Account Tax Compliance Act (FATCA).
Appropriate action against evasion of taxes/black money is an on-going process. Such action under direct tax laws includes searches, surveys, enquiries, assessment of income, levy of taxes, penalties, etc. and filing of prosecution complaints in criminal courts, wherever applicable. Such taxes, penalties, etc. form part of the total tax liability of each assessee and is recovered in accordance with law. Such liability is also recovered from assets seized during the searches conducted by the Income Tax Department. There are also provisions for recovery of the same from the assets kept abroad in accordance with legal instruments with the foreign jurisdictions concerned. As per scheme of the Income-tax Act, 1961, only the demand/liability raised in relation to the total income assessed is recoverable and not the undisclosed income/black money per-se. However, the newly enacted Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, has included the offence of willful attempt to evade tax etc. in relation to undisclosed foreign income and assets a Scheduled Offence under the Prevention of Money-laundering Act, 2002 (PMLA). This enables attachment and confiscation of the proceeds of crime of wilful attempt to evade such tax, etc.,

eventually leading to recovery of such undisclosed foreign income and assets/black money stashed abroad. Further, where property/proceeds of crime is taken or held outside the country, PMLA has been amended through the Finance Act, 2015 enabling attachment and confiscation of property equivalent in value held within the country.